

FISCAL NOTE

Bill #: SB0030

Title: Revise time of payment of metal mines license tax

Primary

Sponsor: Bill Glaser

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY2003</u> <u>Difference</u>	<u>FY2004</u> <u>Difference</u>	<u>FY2005</u> <u>Difference</u>
Revenue:			
General Fund	1,630,380	(125,523)	77,186
State Special Revenue	1,180,620	(141,633)	11,564
Net Impact on General Fund Balance:	\$1,630,380	(\$125,523)	\$77,186

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

1. Beginning in calendar year 2003, this bill would make metal mines license tax payable semiannually, at the end of June and the end of December. Under current law, the tax is paid annually and is due at the end of March.
2. In fiscal 2003, under current law, taxes will be due for production in calendar year 2002. Under this bill, taxes for production in the first half of calendar year 2003 also will be due in fiscal 2003. Additional collections in fiscal 2003 are projected to be \$2,811,000.

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3. Beginning in fiscal 2004, taxes due each fiscal year will be half of the taxes due that fiscal year under current law plus half of the taxes due the following fiscal year under current law. Under current law, collections are projected to be \$5,622,000 in fiscal 2004 and \$4,913,000 in fiscal 2005. With this bill, collections are projected to be \$5,267,000 in fiscal 2004 and \$4,925,000 in fiscal 2005. Collections are projected to be \$355,000 *lower* in fiscal 2004 (\$5,622,000 - \$5,267,000) and \$12,000 *higher* in fiscal 2005 (\$4,925,000 - \$4,913,000).

4. The following table shows the funds that receive metal mines license tax, the percentage of receipts allocated to each fund, and the change in revenue to each fund.

Change in Metal Mines License Tax Receipts				
Fund	percent	FY 2003	FY2004	FY2005
General Fund	58.0%	\$1,630,380	(\$205,900)	\$6,960
Hard-Rock Mining Impact Trust Account	2.5%	\$70,275	(\$8,875)	\$300
Hard-Rock Mining Reclamation Debt Service Fund	8.5%	\$238,935	(\$30,175)	\$1,020
Reclamation and Development Grants Program	7.0%	\$196,770	(\$24,850)	\$840
Counties with Mining Impacts	24.0%	\$674,640	(\$85,200)	\$2,880
Total	100.0%	\$2,811,000	(\$355,000)	\$12,000

5. Half of tax collections for each calendar year would be collected six months earlier under this bill than under current law. This will result in additional interest earnings on the balances in the accounts receiving funds from the metal mines license tax. Interest on the Hard-Rock Mining Debt Service Fund is paid to the Hard Rock Mining Reclamation Special Revenue Account. Interest on the other accounts is paid to the general fund. Thus, 8.5% of the additional interest earnings will go to the Hard Rock Mining Reclamation Special Revenue Account and 91.5% will go to the general fund.

6. Accelerated collections will increase balances in accounts paying interest to the general fund by \$2,811,000 in the first half of fiscal 2004 and by \$2,456,500 in fiscal 2005 (half of current law collections).

7. The interest rate on state fund balances is projected to be 6.25% in fiscal 2004 and 6.75% in fiscal 2005.

8. Additional interest earnings for the general fund will be \$80,377 ($91.5\% \times 6.25\% \times \$2,811,000 / 2$) in fiscal 2004 and \$70,226 ($91.5\% \times 6.25\% \times \$2,456,000 / 2$) in fiscal 2005. Additional interest earnings for the Hard Rock Mining Reclamation Special Revenue Account will be \$7,467 ($8.5\% \times 6.25\% \times \$2,811,000 / 2$) in fiscal 2004 and \$6,524 ($8.5\% \times 6.25\% \times \$2,456,000 / 2$) in fiscal 2005.

9. General fund revenue will be \$1,630,380 *higher* in fiscal 2003, \$125,523 *lower* in fiscal 2004 (\$205,900 - \$70,226) and \$77,186 *higher* in fiscal 2005 (\$6,960 + \$70,226).

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FISCAL IMPACT:

	<u>FY2003 Difference</u>	<u>FY2004 Difference</u>	<u>FY2005 Difference</u>
<u>Revenues:</u>			
General Fund (01)	\$1,630,380	(\$125,523)	\$77,186
State Special Revenue (02)			
Hard-Rock Mining Impact (02049)	\$70,275	(\$8,875)	\$300
Hard-Rock Reclamation Debt Service (024572)	\$238,935	(\$30,175)	\$1,020
Reclamation and Development Grants (02458)	\$196,770	(\$24,850)	\$840
Impacted Counties (02083)	\$674,640	(\$85,200)	\$2,880
Hard-Rock Reclamation SSR	\$0	\$7,467	\$6,524

Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	\$1,630,380	(\$125,523)	\$77,186
State Special Revenue (02)			
Hard-Rock Mining Impact (02049)	\$70,275	(\$8,875)	\$300
Hard-Rock Mining Reclamation (024572)	\$238,935	(\$30,175)	\$1,020
Reclamation and Development Grants (02458)	\$196,770	(\$24,850)	\$840
Impacted Counties (02083)	\$674,640	(\$85,200)	\$2,880
Hard-Rock Reclamation SSR	\$0	\$7,467	\$6,524

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

This bill would increase funding to counties impacted by hard-rock mining by \$674,640 in fiscal 2003.

LONG-RANGE IMPACTS:

This bill will permanently accelerate collections from the metal mines license tax, and this will permanently increase interest earnings by about \$80,000 per year.

TECHNICAL NOTES:

1. Sections 3 and 4 make tax returns and payments due on the last day of the reporting period. This is not practical for the taxpayers. In general, taxes are due some time after the end of the taxable period to allow taxpayers time to do their normal book keeping and calculate the tax. The apparent purpose of this bill would be accomplished by making the tax due any time up to 60 days after the end of the reporting period. Estimated taxes due for the period ending June 30 would be accrued at year end, and when payment of those taxes was received in July or August, the amount would be recorded for the prior fiscal year.